



State of California

Employment Training Panel

Arnold Schwarzenegger, Governor

March 23, 2009

Transmitted electronically.

Laura Johnstun,
Senior Learning Mgt System Specialist
Global Training & Development
Diebold, Inc.
6057 Strip Avenue NW
North Canton OH
laurajohnstun@diebold.com

Dear Ms. Johnstun:

RE: FINAL REPORT for Diebold, Inc. – ET07-0284

Date of Final Document Review:	1/20/09
Beginning/Ending Time:	10:30 a.m. – Noon
Meeting Location:	Review of LMS done in Foster City office using your laptop.
Participants:	Yourself and Diane Woodside, ETP Analyst
Action Required:	No

CONTRACT INFORMATION:

Term of Agreement:	2/6/07 – 2/5/09	Agreement Amount:	\$331,200
Training Start Date:	2/06/07	No. to Retain:	160
Date Training must be Completed by:	11/05/08	Range of Hours Per Trainee:	24 - 200
Type of Trainee:	Retrainee	Weighted Ave. Hours Per Trainee:	115
Fixed-Fee Rate (per training hour per employee)	Regular Class/lab-\$18		

Background: This project was approved by the Panel in January 2007. Diebold, Inc. (Diebold) develops, manufactures, sells, installs, and services automated self-service transaction systems (ATMs), electronic and physical security products, election systems, software, and various products used to equip bank facilities and electronic voting terminals. Diebold's primary customers include banks and financial institutions, as well as government agencies and various retail outlets. The company requested the Panel's assistance to retrain 160 customer service engineers in technical/commercial and computer skills so that these

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frontline workers would have the most advanced hardware and software skills to assemble and service various products lines and expand Diebold's customer base in California.

HISTORY OF AGREEMENT AND CHANGES

The Agreement was executed on 3/14/07 and training began on 2/6/07 as allowed within the Agreement term. All training occurred during the Agreement term and prior to 11/5/08 to allow the 90-day employment retention period to occur during the Agreement term. There were two revisions made to the Agreement: (1) to allow health benefits to be added to the wage at retention; and (2) to add courses to the curriculum.

PROJECT STATISTICS:

Total Trainees Enrolled:	237	Completed Training and Retention:	110
Dropped Following Enrollment:	127		

According to the fiscal close-out invoice submitted by Diebold, the company expects to earn a total reimbursement of \$209,088 (63 percent of the Agreement amount of \$331,200). The dropped enrollees were typically persons who did not reach the 24-hour minimum class/lab requirement. The company has received \$184,356 in Panel funds to date; thus, an overpayment is unlikely. You reported that of the 127 dropped trainees: 8 did not meet the 90-day retention period; 5 did not meet minimum wage requirement; and 114 did not meet the minimum of 24 training hours.

FEEDBACK RECEIVED FROM YOU, THE COMPANY REPRESENTATIVE:

FINAL VISIT QUESTIONS

- What barriers, if any, did your company experience in implementing your ETP project?
Unfamiliarity with the administration process and some technical issues created delays in submitting progress payment invoices early in the contract period. Our program analyst, Diane Woodside, was responsive to all questions and acted in a timely fashion to resolve technical issues.
- What problems, if any, did your company experience with ETP record keeping?
None
- What assistance could ETP have provided that would improve the process for future Contractors?
An online CBT with an overview of the administration process would be helpful for new contractors. This would allow new contractors to see the entire process (P1 thru Final), so they would know what to expect at each stage. Ideally, such a program would include a demonstration of the Forms and Tracking sites, as well as best practices.
- How did your company benefit from the ETP training?
ETP funding allowed Diebold to revamp key training programs to improve speed to competency for service associates, as well as implement new training programs in support of cross-training initiatives that allowed for timely roll-out of new products. During the contract period, Diebold experienced 12.8% growth in the California market and hired 71 new employees.

ELECTRONIC RECORD KEEPING:

Your ETP analyst reviewed a sample of completers' training records through viewing Diebold's LMS on your laptop in the Foster City office. Your analyst was able to confirm the ETP required data elements for a 10 percent sample of trainees retained for 90 days. However, hours had to be deleted for one course, Agilis 91x 2.0, entered for 32 hours in ETP's system but depicted as 28 hours in the LMS. This correction was made prior to the preparation of this report.

It appears that Diebold's LMS captures the class/lab hours and data elements required by ETP including the instructor name, training location, actual hours attended (same as "credit hours") and the class/lab trainer/trainee ratio which must be 1:20 or less. Please note that the finding that the ETP documentation is in order is based only on the electronic records reviewed by the ETP analyst during the Agreement term and final visit and represents only a limited sample of the training records completed to date. It is Diebold's responsibility to ensure that all training records are in compliance with Panel requirements for auditing purposes.

SUBAGREEMENTS:

One training vendor was into the ETP system; however, Diebold only requested ETP funding for training conducted by in-house trainers. In addition, Diebold conducted its own administration.

AUDIT:

At this time there are no other actions to be taken by Diebold, Inc. However, please be aware that the Agreement remains subject to an audit. You will be notified in writing if this agreement is selected for an audit that will be conducted either at your site (field audit) or by telephone if selected for a desk audit (or "review"). These notifications will be sent in advance to allow ample preparation time and will include a list of documentation that will be examined by the auditor. A list of the documentation typically examined during an audit will be included along with the Audit Notification and Audit Confirmation letters. To provide support of training, original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

- Print-outs from the LMS and/or training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment
- Cash receipts to verify receipt and accounting of ETP funds

RECORD RETENTION:

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

If you have any questions or comments regarding the information in this letter, please contact Diane Woodside, at 650-655-6935 or at dwoodside@etp.ca.gov, within ten (10) working days from the receipt date of this report.

Sincerely,



Creighton Chan, Manager
San Francisco Bay Area Regional Office



Diane Woodside, Account Analyst
San Francisco Bay Area Regional Office

cc: Gerald Gilin (Gerald.Gilin@diebold.com)
Marsha Friedman (Marsha.Friedman@diebold.com)
Brian McMahon, Executive Director
David Guzman, Operations Chief
Kulbir Mayall, ETP Fiscal Manager
Steve Runkle, ETP Audit Manager
Master File
Project File

Date report mailed to Contractor 4/16/09